

Message Text

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ACTION ACDA-10

INFO OCT-01 AF-06 EUR-12 IO-10 ISO-00 CIAE-00 INR-07 L-03

NSAE-00 NSC-05 EB-07 NRC-05 OES-03 FEAE-00 DODE-00

PM-03 ERDA-05 COME-00 SS-15 SP-02 TRSE-00 (ISO) W

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R 281342Z JUL 75

FM AMEMBASSY PRETORIA

TO SECSTATE WASHDC 2353

INFO AMEMBASSY THE HAGUE

USMISSION IAEA VIENNA

C O N F I D E N T I A L PRETORIA 2801

E.O. 11652: GDS

TAGS: PARM, TECH, SF

SUBJ: PRESIDENT OF SAAEB DISCUSSES NUCLEAR ENRICHMENT
PROCESS, AND ADHERENCE TO NPT

REF: PRETORIA 2632

1. I SPENT THREE AND ONE-HALF HOURS WITH DR. ROUX, PRESIDENT OF
SOUTH AFRICAN ATOMIC ENERGY BOARD (SAAEB), AT PELINDABA ON JULY 24.
MUCH OF THE TIME WAS TAKEN UP WITH LENGTHY HISTORICAL DESCRIPTION
OF SAG ATOMIC ENERGY PROGRAM FROM 1958 TO PRESENT. FOLLOWING ARE
HIGHLIGHTS OF CONVERSATION ON ISSUES OF SPECIAL INTEREST TO
WASHINGTON.

2. IN RESPONSE TO QUESTION ON KOORNHOF'S STATEMENT (REFTEL) ABOUT
FOREIGN PARTICIPATION IN ENRICHMENT PLANT, ROUX SAID:

(A) SAAEB HAD COMMISSIONED TWO FEASIBILITY STUDIES ON PROCESS,
ONE BY WEST GERMAN CONSULTING FIRM STEAG AND THE OTHER BY FOREIGN
GOVERNMENT WHOSE IDENTITY HE WAS NOT IN A POSITION TO DIVULGE.
THEY HAD BEEN GRANTED ACCESS TO ENRICHMENT PLANS EXCEPT FOR CRITICAL
ELEMENT. SAAEB NOT PREPARED TO DIVULGE THIS UNTIL FIRM FINANCIAL
COMMITMENT RECEIVED FROM ENTITIES WHICH WILL PARTICIPATE WITH
SAG IN PROJECT. BOTH STUDIES CAME OUT AS POSITIVE WITH COST
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ESTIMATES WITHIN 5 PERCENT OF EACH OTHER, A CORRELATION

WHICH ROUX LABELED REMARKABLE.

(B) SAG WAS INTERESTED IN A THREE-CORNERED PARTNERSHIP WITH TWO OUTSIDE PARTICIPANTS. THESE WOULD BE SELECTED ON THE BASIS OF FOLLOWING FACTORS IN DESCENDING ORDER OF IMPORTANCE: (1) INDUSTRIAL CAPACITY, (2) LEVEL AND AVAILABILITY OF TECHNOLOGY, AND (3) ABILITY TO PROVIDE FINANCING. ROUX RATED LAST FACTOR AS LEAST IMPORTANT, IMPLYING THAT SAG WOULD FIND FINANCING FOR ENRICHMENT BY ITSELF EVEN AT EXPENSE OF OTHER DEVELOPMENT PROJECTS. SAG WOULD BE WILLING TO ACCEPT FINANCING FROM OTHER ENTITIES BUT THIS WOULD BE INVESTMENT WITHOUT OPERATIONAL PARTICIPATION.

(C) SAG OFFERED THREE-CORNERED PARTNERSHIP TO STEAG AND UNNAMED FOREIGN GOVERNMENT. BOTH HAVE REPLIED FAVORABLY BUT WITH CONDITIONS WHICH ROUX FINDS UNACCEPTABLE. (HE DID NOT GIVE HIS REASONS FOR THIS FINDING.) HE IS NOW PREPARING MEMORANDUM TO SAAEB AND THENCE TO CABINET TO THIS EFFECT.

(D) ROUX SAID GENERAL ELECTRIC HAD APPROACHED HIM AT ONE STAGE FOR EXPLORATORY TALKS, FOLLOWED BY A VISIT FROM THE US BY A GE VICE PRESIDENT (UNNAMED) AND A GE SCIENTIST, CARL COHEN. HE SAID THAT THERE WAS NO FOLLOW-THROUGH TO THIS INITIAL CONTACT BECAUSE GE ONLY INTERESTED IN FULL PARTNERSHIP WITH ACCESS TO SPECIAL TECHNOLOGY.

ROUX BELIEVED THAT GE APPROACH WAS DONE WITH KNOWLEDGE OF APPROPRIATE USG AGENCIES.

(E) APT PRESENT, WHOLE QUESTION OF PARTNERSHIP IS UP IN AIR AS RESULT UNACCEPTABLE CONDITIONS OF STEAG AND FOREIGN GOVT. ROUX MENTIONED POSSIBILITY OF NEW PARTNERSHIP OF SAG/GENERAL ELECTRIC AND THIRD PARTY.

(F) ROUX EMPHASIZED THAT SA ENRICHMENT PROCESS IS STRICTLY THEIR OWN AND IS "VERY DIFFERENT" FROM BECKER NOZZLE PROCESS, WITH PILOT TESTS INDICATING CONSUMPTION OF ENERGY 40 PERCENT LESS THAN IN BECKER PROCESS.

3. ON PROCUREMENT OF ENRICHED URANIUM FROM U.S. FOR SAG RESEARCH REACTOR, ROUX SAID THE SAAEB HAD PLACED AN ORDER FOR A RESERVE SUPPLY IN DECEMBER, BUT DELIVERY WAS BEING DELAYED UNTIL ERDA REPS
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WERE SATISFIED WITH STORAGE SAFEGUARD FACILITIES AT PELINDABA. THIS WAS PART OF WORLDWIDE SURVEY, ROUX COMMENTED. RATHER THAN SEND INFO TO WASHINGTON TO SATISFY REQUIREMENT, HE HAD INVITED ERDA REPRESENTATIVES TO COME TO SA. HE EXPECTED THEM IN LATE AUGUST.

4. ON SOUTH AFRICAN ADHERENCE TO NPT, ROUX OBSERVED THAT ORIGINAL SAG RELUCTANCE TO SIGN WAS BASED ON (A) RESENTMENT AT DISCRIMINATION

BETWEEN NUCLEAR AND NON-NUCLEAR STATES AND (B) FEARS THAT INSPECTION PROCEDURES UNDER NPT WOULD DIVULGE SECRET OF SA ENRICHMENT PROCESS. ON FIRST OBJECTION, SAG HAD OUTGROWN ITS ORIGINAL RESENTMENT. ON SECOND, SAG NOW UNDERSTANDS THAT INSPECTION PROVISIONS CAN BE CARRIED OUT IN A MANNER SO AS NOT TO DISCLOSE THE CRITICAL ELEMENT IN PROCESS. WITHIN THE NEXT SIX MONTHS ROUX EXPECTED A FULL REVIEW OF THE SAG POSITION ON THE NPT. HE PERSONALLY SAW NO FURTHER REASON FOR NOT ADHERING BUT THE DECISION TO DO SO WOULD HAVE TO BE TAKEN AT THE HIGHEST LEVEL.

5. ROUX CONCLUDED BY ASSURING EMBASSY OF HIS FULL COOPERATION, WITHIN SECRECY LIMITS. HE REPEATEDLY STRESSED SAG IS ADHERING TO ALL SAFEGUARDS, ADDING "YOU KNOW WE MEAN WHAT WE SAY." BOWDLER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: URANIUM, NUCLEAR ENERGY, SCIENTIFIC COOPERATION, NUCLEAR POWER PLANTS, NEGOTIATIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 28 JUL 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: buchantr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975PRETOR02801
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D750260-0409
From: PRETORIA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750715/aaaaanxa.tel
Line Count: 129
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION ACDA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 75 PRETORIA 2632
Review Action: RELEASED, APPROVED
Review Authority: buchantr
Review Comment: n/a
Review Content Flags:
Review Date: 03 APR 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <03 APR 2003 by lzenbel0>; APPROVED <16 OCT 2003 by buchantr>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: PRESIDENT OF SAAEB DISCUSSES NUCLEAR ENRICHMENT PROCESS, AND ADHERENCE TO NPT
TAGS: PARM, TECH, SF, US
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006